

STATE OF NEW YORK  
STATE TAX COMMISSION

In the Matter of the Petition :  
of

Industralease Automated & Scientific Equip. Corp.

AFFIDAVIT OF MAILING

for Redetermination of a Deficiency or a Revision :  
of a Determination or a Refund of  
Corporation Franchise Tax :  
under Article 9-A of the Tax Law  
for the Year 1972. :

State of New York  
County of Albany

Jay Vredenburg, being duly sworn, deposes and says that he is an employee of the Department of Taxation and Finance, over 18 years of age, and that on the 17th day of August, 1979, he served the within notice of Decision by certified mail upon Industralease Automated & Scientific Equip. Corp., the petitioner in the within proceeding, by enclosing a true copy thereof in a securely sealed postpaid wrapper addressed as follows:

Industralease Automated & Scientific Equip. Corp.  
3000 Marcus Ave.  
Lake Success, NY 11040

and by depositing same enclosed in a postpaid properly addressed wrapper in a (post office or official depository) under the exclusive care and custody of the United States Postal Service within the State of New York.

That deponent further says that the said addressee is the petitioner herein and that the address set forth on said wrapper is the last known address of the petitioner.

Sworn to before me this  
17th day of August, 1979.

*Carmen Mottalese*

*Jay Vredenburg*



STATE OF NEW YORK  
STATE TAX COMMISSION  
TAX APPEALS BUREAU  
ALBANY, NEW YORK 12227

STATE TAX COMMISSION

JAMES H. TULLY JR., PRESIDENT  
MILTON KOERNER  
THOMAS H. LYNCH

JOHN J. SOLLECITO  
DIRECTOR

Telephone: (518) 457-1723

August 17, 1979

Industralease Automated & Scientific Equip. Corp.  
3000 Marcus Ave.  
Lake Success, NY 11040

Gentlemen:

Please take notice of the Decision of the State Tax Commission enclosed herewith.

You have now exhausted your right of review at the administrative level. Pursuant to section(s) 1090 of the Tax Law, any proceeding in court to review an adverse decision by the State Tax Commission can only be instituted under Article 78 of the Civil Practice Laws and Rules, and must be commenced in the Supreme Court of the State of New York, Albany County, within 4 months from the date of this notice.

Inquiries concerning the computation of tax due or refund allowed in accordance with this decision may be addressed to the Deputy Commissioner and Counsel to the New York State Department of Taxation and Finance, Albany, New York 12227. Said inquiries will be referred to the proper authority for reply.

Sincerely,

A handwritten signature in cursive script, reading "Michael Alexander".

cc: Petitioner's Representative

Taxing Bureau's Representative

## STATE TAX COMMISSION

A formal hearing was held before Harry Issler, Hearing Officer, at the offices of the State Tax Commission, Two World Trade Center, New York, New York, on September 27, 1977 at 10:45 A.M. Petitioner appeared by Theodore Cohen, Esq. The Corporation Tax Bureau appeared by Peter Crotty, Esq. (Frank Levitt, Esq., of counsel). Also present at the hearing was Michael McCormack, Corporation Tax Unit Chief.

## ISSUE

Whether the current portion of petitioner's long-term obligations should be considered as current liabilities and, therefore, deductible in computing total capital.

FINDINGS OF FACT

1. On November 6, 1972, petitioner, Industralease Automated & Scientific Equipment Corp., filed a New York State Corporation Franchise Tax Report Article 9-A, Tax Law (Form CT-3) for the fiscal year ended February 29, 1972, and paid tax for said period of \$851.00.

2. On May 15, 1975, the Corporation Tax Bureau issued a Statement of Audit Adjustment to petitioner, asserting a deficiency of \$5,415.00 which was based on a tax rate of 1.6 mills on adjusted total capital. This computation did not allow for the reduction of total assets by current liabilities, which had an original maturity of more than one year from the date they were first incurred. A Notice of Deficiency was issued on July 15, 1975.

3. Petitioner is in the general leasing business and will lease anything other than real estate to credit-worthy lessees.

4. The original term of an average lease is five years. All transactions are funded by an independent third party with full recourse to petitioner. Each loan that petitioner makes is self-liquidating over the same term as that of the lease.

5. When computing its tax, petitioner included as current liabilities, liabilities which matured more than one year from the date originally incurred.

CONCLUSIONS OF LAW

A. That subdivision 7 of section 208 of the Tax Law provides the following:

"The term 'business capital' means all assets, other than subsidiary capital, investment capital and stock issued by the taxpayer, less liabilities not deducted from subsidiary or investment capital which are payable by their terms on demand or within one year from the date incurred, other than loans or advances outstanding for more than a year as of any date during the year covered by the report, except that subject to the provisions of subdivision six of section two hundred ten of this chapter [§210 of the Tax Law], cash on hand and on deposit shall be treated as investment capital or as business capital as the taxpayer may elect;..."

(See also Ruling of State Tax Commission dated March 14, 1962, section 3.32(a) and the current regulation 20 NYCRR 3-4.3(a)).

The language of the section is clear and unequivocal. The original period of maturity of the total obligation controls, as to whether a liability is deductible in ascertaining business capital.

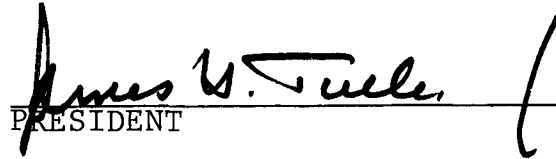
B. That since all of the obligations involved herein matured more than one year from the date incurred and since they cannot, therefore, be considered as current liabilities, they are not deductible in computing total capital.

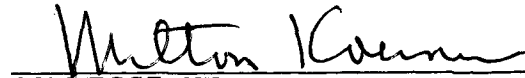
C. That the petition of Industrialease Automated & Scientific Equipment Corporation is in all respects denied.

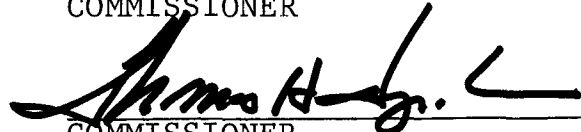
DATED: Albany, New York

STATE TAX COMMISSION

AUG 17 1975

  
PRESIDENT

  
COMMISSIONER

  
COMMISSIONER